



As of May 18, 2011

## Legislative Update

### Tuition Authority

One of the most high-profile measures of the session is Engrossed Second Substitute House Bill 1795 by Rep. Reuven Carlyle. The bill has passed the Legislature and, if signed into law, will significantly overhaul tuition policy in Washington.

- Two- and four-year institutions will have authority to set tuition for non-resident students, graduate students, and students in summer school, and self-supporting programs.
- The state budget will set tuition limits for resident undergraduates in the two-year sector.
- The State Board for Community and Technical Colleges (SBCTC) is authorized to pilot or institute differential tuition models.
- SBCTC is authorized to charge Running Start students a fee of up to 10 percent of tuition.
- The four-year institutions will have authority to set tuition for resident undergraduate students for the next four years.
- For the subsequent four years (2015-16 through 2018-19), resident undergraduate tuition rates at four-year institutions cannot exceed the 60<sup>th</sup> percentile of resident undergraduate tuition at similar public institutions in the Global Challenge (GC) States.
- In 2019-20, authority over resident undergraduate tuition at the four-year institutions reverts to the state through the budget process.
- JLARC is directed to conduct a performance audit of tuition-setting authority in 2018.

Additional provisions in effect at the four-year institutions for the years 2015-16 through 2018-19 provide for linkage with the level of state funding for the institutions.

- If state funding is below the level of funding in fiscal year 2011, institutions may reduce enrollment.
- If state funding is equal to or greater than FY 2011 levels, actual enrollment in FY 2011 must be maintained.
- Finally, total per-student funding (state appropriations and tuition combined) cannot exceed the 60<sup>th</sup> percentile of total per-student funding at similar public institutions in the GC states.

The proportion of tuition revenue that four-year institutions must use for institutional financial aid rises from 3.5 percent in current law to 4 percent, and rises to 5 percent if tuition is increased more than the tuition increase assumed in the state budget.

A complicated set of provisions in the bill could open the door to financial aid for middle-income families, depending on the magnitude of tuition increases. If an institution increases tuition more than the levels that will be assumed in the state budget, it will be subject to requirements for providing institutional financial aid. The formula for determining how much financial aid would have to be provided, and to whom, is based on the gap between a maximum State Need Grant award amount and the tuition charged. Aid covering some portion of that gap would have to be provided if these provisions are triggered by tuition hikes greater than those assumed in the budget.

#### Tuition and Fee Charges

	5% of MFI <sup>1</sup> or greater (\$4,050) <sup>2</sup>	10% of MFI or greater (\$8,100)	15% of MFI or greater (\$12,150)	20% of MFI or greater (\$16,200)
<b>Student family income</b>				
50% MFI	100% <sup>3</sup>	100%	100%	100%
50-70% MFI	0	75%	75%	75%
70-100% MFI	0	0	50%	50%
100-125% MFI	0	0	0	25%

#### Notes

<sup>1</sup> If tuition reaches the indicated percentage of Median Family Income (MFI) for a family of four, and if tuition increases exceed assumptions in the state budget, the aid requirements are activated.

<sup>2</sup> Dollar amounts listed in the table are intended for purposes of illustration. Based on current estimated MFI for a family of four (\$81,000), this is how much tuition charges would need to be in order to trigger the aid provisions

<sup>3</sup> This is the percentage of the **difference** between full-time tuition and a maximum State Need Grant award that would need to be covered by institutional financial aid.

Annually, the four-year institutions are required to report on the effectiveness of financial aid in mitigating the impact of tuition increases.

A legislative task force, made up of four senators and four representatives, is charged with reviewing the basis of state funding for higher education and recommending, by January 16, 2012, a method of budgeting that offers greater efficacy, transparency, and accountability.

The per-student funding goals (the 60<sup>th</sup> percentile of per-student funding at comparable institutions in GC states) in current law are repealed, as are the performance agreement statutes.

By September 1, 2011, and every two years thereafter, four-year institutions must negotiate a performance plan with the Office of Financial Management (OFM) that includes expected outcomes over the subsequent biennium for measures including time and credits to degree, retention and success for low income, diverse or underrepresented communities, and degree production and degree production in high employer-demand programs.

As part of the accountability monitoring and reporting system, four-year institutions must report each December 1 to the HECB outcome data on measures developed by the National Governor's Association. These numerous measures are to be disaggregated in various ways, and the HECB may change data requirements to be consistent with best practices. The data must be displayed in a dashboard format on OFM's website.

The University of Washington is required to enroll at least as many resident freshmen at the Seattle campus in 2012-13 as were enrolled in the 2009-10 academic year.

OFM will convene a work group to develop and implement administrative practices to enhance efficiency and effectiveness of operations across the higher education campuses.

A number of provisions are designed to facilitate efficient transfer, such as granting junior standing to students transferring into a four-year institution with a transferable associate degree and deeming that a direct transfer associate degree recipient shall have met general education requirements. Two- and four-year institutions are directed to develop a list of courses equivalent to one year's worth of general education that would transfer to any other institution, and four-year institutions must publish a list of recommended courses for each academic major to help students planning to transfer. Community and technical colleges must publish lists of courses that are recognized by all four-year institutions as transferrable.

HECB and other stakeholders are to collaborate in an effort to expand the use of credit for prior learning. HECB convenes a work group to pursue specified goals and reports on progress annually by December 31.

HECB, SBCTC and COP are directed to convene a work group, including other stakeholders, to develop a plan for creating common course numbering for all common lower-division courses at all institutions. The plan is due by December 1, 2011.

## **Opportunity Scholarship**

Following a number of twists and turns, the recommendations by the Governor's Higher Education Funding Taskforce have taken the form of legislation creating an Opportunity Scholarship and an Opportunity Expansion program. The bill, ESHB 2088, passed the House on May 17 and was given a public hearing in Senate Ways and Means Committee on May 18. The Opportunity Scholarships are intended for middle- and lower-income resident students intending to obtain a baccalaureate degree.

The Opportunity Scholarship program has two components—a “scholarship account” that is intended for immediate use and whose principal may be invaded, and an “endowment account” that can be used for awarding scholarships under more restrictive conditions. The Opportunity Expansion program is intended to provide support to institutions in order to increase the number of baccalaureate degrees produced.

The programs would be overseen by a seven-member board consisting of two legislative appointees who are not legislators, one gubernatorial appointee, and four foundation or business representatives appointed by the governor. The program would be administered by a private non-profit college scholarship organization with expertise in managing scholarships and college advising. Program funding is envisioned as a one-to-one state/private match.

The Opportunity Scholarship program would be funded by private contributions and by a state matching appropriation of up to \$50 million annually beginning either January 2014 or when state revenue from the sales tax, B & O tax, and public utility tax exceeds by 10% the revenue collected from these tax sources in fiscal year 2008—whichever is later.

Firms eligible for a state tax credit for high technology research and development could contribute their tax credit in whole or in part for the Opportunity Expansion program.

## **Other Financial Aid Legislation**

### **Less Than Half-Time State Need Grant**

For the past six years the State Need Grant (SNG) has been available on a pilot basis to students enrolled less than half-time (three to five quarter credits). The HECB has recommended making service to students in this enrollment status a permanent, regular feature of the SNG program. Substitute House Bill 1650, which would have made less-than half-time students permanently eligible for the program, did not pass. Budget proviso language is being sought that would extend the pilot status of the program two additional years, while also requiring a report from the HECB on the academic outcomes achieved by these students.

### **Aerospace Training Loan Program**

The HECB will establish a program to provide low-interest loans to students enrolled in aerospace training or education programs offered by either the Washington Aerospace Training and Research Center (operated at Paine Field by Edmonds Community College) or the Spokane Aerospace Technology Center (scheduled to open in 2011). The annual loan limit will be the cost of attendance minus other financial aid received and cannot exceed the cost of tuition and fees. The HECB is required to submit an annual report. The measure (Engrossed Substitute House Bill 1846) has been signed into law.

### **Caseload Forecasting**

The Caseload Forecast Council will forecast the number of students who will be eligible for the College Bound Scholarship program and will attend postsecondary education under Senate Bill 5304, which has been signed into law. The House Ways and Means Committee eliminated the requirement to forecast the number of students eligible for the State Need Grant.

### **HECB-Request Legislation**

All three HECB-request bills passed the legislature with no amendments and have been signed into law by the Governor.

### **Doctoral Programs at Branch Campuses**

House Bill 1586 authorizes the branch campuses of the University of Washington and Washington State University to offer programs at the doctoral level.

### **Financial Aid Administrative Consistency**

House Bill 1424 makes a series of changes to the Future Teachers and the Health Professionals financial aid programs. The HECB is authorized to set interest rates when Health Professionals recipients are in default. An appeals process is authorized, how much of the scholarship/loan repayment assistance must be repaid in the Health Professionals program is clarified, and other technical changes allowing for consistency and streamlined administration are included.

### **Health Sciences and Services Authority Reporting**

The HECB is charged under current law with identifying local areas for designation as a Health Sciences and Services Authority (HSSA), establishing evaluation criteria, and issuing a biennial report on the activities of the HSSA. House Bill 1425 removes the reporting requirement, saving an estimated \$33,000 per year.

## **Member Confirmation**

The appointment of Charley Bingham was approved by the Senate 47-0 on March 7. The appointment of Addison Jacobs was approved by the Senate on April 8 by a 47-0 vote. The appointment of Samuel H. Shaddox was approved by the Senate Higher Education & Workforce Development Committee but remains in the Senate Rules Committee.

## **Higher Education Governance**

### **HECB Elimination**

Legislation to eliminate the HECB and to transfer financial aid programs and other administrative activities from HECB to a new entity passed the Senate on May 3 by a vote of 34-9. The measure was referred directly to the Ways and Means Committee in the House, where a hearing was held May 5. The bill was approved 22-4 by the committee after being amended. The bill is now on the House floor calendar where a floor amendment has been prepared to make a number of important changes. The House floor striking amendment would:

- Transfer administration of financial aid programs, the GET program and some other activities to a new office of student financial assistance on July 1, 2012 (delaying the transfer by one year compared to all earlier versions of the bill);
- Also on July 1, 2012, the HECB would be eliminated and a council on higher education created, subject to the recommendations of a new higher education steering committee and passage of implementing legislation in the 2012 legislative session (this one-year delay was included in the House Ways and Means Committee amendment);
- A higher education steering committee is created. Members of the committee would include the governor or the governor's designee, four legislators, at least two members of the public appointed by the governor, and "an equal representation from the key sectors of the higher education system in the state;"
- Several activities of the HECB would be eliminated in light of the expected reduction to the HECB budget starting July 1, 2011, including several reporting requirements (cost study, campus safety, technology degree production, gender equity, disclosure report and various reciprocity reports) and the task of prioritizing four-year institutions' capital project requests.

The steering committee would be charged with reporting findings and recommendations, including proposed legislation, by December 1, 2011. The committee would review coordination, planning and communication and establish the purposes and functions of the new council on higher education.

The steering committee would consider options for “coordinating key sectors including through the P-20 system” and options for improving coordination of higher education institutions and sectors with attention to strategic planning, system design and transfer and articulation and improving structures and functions related to administration and regulation of the state’s higher education institutions and programs, including financial aid, GET, and other activities.

The steering committee is directed to “consider input from higher education stakeholders, including but not limited to the higher education coordinating board, the state board ...” and a number of additional stakeholders are listed.

### **Guaranteed Education Tuition (GET) Program**

The GET program would have been restructured after August 1, 2011 under the terms of Substitute Senate Bill 5749 as it passed the Senate in the regular session. The House amended the bill in a manner that would leave the current GET program in place but add additional oversight by the state actuary and make a few other minor changes. The House and Senate ended the regular session in deadlock over the different versions of the bill. The issue is being very actively discussed in the special session, with a final outcome yet to emerge. The bill was placed on the Senate floor calendar on May 17.

### **Higher Education System Configuration**

#### **University Center of North Puget Sound**

The management and leadership of the University Center at Everett Community College will be transferred to Washington State University (WSU) under Second Substitute Senate Bill 5636, signed into law by the Governor. WSU assumes leadership of the Center after the coordinating and planning council created by the bill completes a strategic plan for meeting the academic needs of the region and following successful establishment of an engineering degree program.

The strategic plan is to be completed by December 1, 2012, and submitted to the Legislature for review. If the Legislature does not take action on the strategic plan during the 2013 legislative session, the plan is considered approved. The transfer of management of the Center is to be completed by July 1, 2014.

The entire bill takes effect only after the HECB determines, through the system design process, whether a needs assessment and analysis are required and, if so, after the HECB conducts a needs assessment and a viability determination and recommends that the provisions of the bill should occur. HECB recommendations are due by July 1, 2012.

## **Western Governors University-Washington**

The HECB is authorized to recognize online, competency-based education as an important element of Washington's higher education system and to eliminate unnecessary barriers to the delivery of online competency-based education by Western Governors University-Washington under Substitute House Bill 1822, which has been signed into law. The HECB is directed to work with WGU-Washington to create data-sharing processes to assess the institution's performance and the extent to which it helps the state achieve the goals of the strategic master plan for higher education. The HECB must be consulted and must approve before the relationship between the state and the institution is modified or before the nonprofit status of the institution can be modified.

## **Other Measures**

### **Community and Technical College Technology Plan Financing**

The SBCTC adopted a Strategic Technology Plan in 2008 that is aimed at using technology to improve student learning and student services and to create greater administrative efficiencies. Second Substitute House Bill 1909, which has been signed into law, authorizes up to 3 percent of the operating fee portion of tuition revenue at the community and technical colleges to be used for paying off debt from financing contracts such as certificates of participation or for projects that implement the SBCTC's technology plan.

### **Eastern Washington University Program Authorization**

Eastern Washington University is authorized to offer educational specialist degrees, following the governor's approval of House Bill 1477. The degrees are subject to review and approval by the HECB. Educational specialist degrees are described as being at a higher level than the master's degree and a lower level than the doctorate degree.

### **Accelerated Baccalaureate Degrees**

The public baccalaureate institutions are authorized to develop baccalaureate degrees that academically qualified students can complete in three years without attending summer term or taking more than a full-time load of coursework during the regular academic year. This streamlined path is not intended to represent a new three-year standard for all students or to diminish the quality or value of a standard baccalaureate degree. The institutions are required to report on their plans for these degree programs to the HECB for approval.